

Utah Navajo Trust Fund

FY-2017 Annual Report

To the

Native American Legislative Liaison Committee

(NALLC)

November 07, 2017

Salt Lake City, Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lt. Governor

DAVID DAMSCHEN
UNTF Board Chair

TONY DAYISH
Administrator



State of Utah

Utah Navajo Trust Fund



UNTF Report to the Native American Legislative Committee

November 07, 2017

Capitol Complex, Salt Lake City, UT

SB-90 requires UNTF to make an annual report to the UNTF Board, Governor, and the Native American Legislative Liaison Committee, that:

- I. identifies the source and amount of the revenue received by the fund;
- II. identifies the recipient, purpose, and amount of the expenditures from the fund;
- III. Identifies specifically each of the fund's investments and the actual return and the rate of return from each investment; and
- IV. Recommends any necessary statutory changes to improve administration of the fund or to protect the state from liability as trustee;

A. Source and Amount of Revenue

(July 1, 2016 – June 30, 2017)

| | |
|---------------------|--------------------|
| Royalty Income | \$2,698,308 |
| Investment Income | \$ 761,101 |
| Other Income | \$ 603,524 |
| Total Income | \$4,062,933 |

B. Current Assets

(As of June 30, 2017)

| | |
|-----------------------------------|---------------------|
| Cash and Investments | \$65,131,529 |
| Land, buildings, and other Assets | \$ 7,775,821 |
| Total Assets | \$72,907,350 |

C. Identification of Recipients, Purpose, and Amount of Expenditures from the Fund

(July 1, 2016 – June 30, 2017)

| | |
|--|---------------------|
| Scholarship/College Financial Assistance | \$ 524,692 |
| Chapter Projects (Including Sunset Projects) | \$ 769,290 |
| Navajo Revitalization Fund Projects | \$ 890,010 |
| Depreciation Expense | \$ 340,103 |
| Operating Expenses | \$ 970,427 |
| Total Expenditures | \$ 3,494,522 |

GARY R. HERBERT
Governor

SPENCER J. COX
Lt. Governor

DAVID DAMSCHEN
UNTF Board Chair



State of Utah

Utah Navajo Trust Fund

2017 Expenditures

Expenditures

Operating Expenses

| | | |
|--|----|---------|
| Administration Salaries | \$ | 283,609 |
| DAC Per Diem | \$ | 6,150 |
| Benefits/Insurance | \$ | 95,706 |
| Benefits/Retirement FICA | \$ | 98,712 |
| Benefits/Other | \$ | 16,404 |
| In State Travel | \$ | 36,822 |
| Out of State Travel | \$ | 19,995 |
| Services (HR, Consultants, Audits Etc) | \$ | 44,365 |
| Fleet Expense | \$ | 120,274 |
| Operating Supplies & Maint | \$ | 189,773 |
| Office Expense | \$ | 7,388 |
| Utilities | \$ | 4,216 |
| Special Department Supplies | \$ | 6,216 |
| Insurance | \$ | 5,106 |
| Employee & Committee Training | \$ | 6,034 |
| Membership Dues | \$ | 1,850 |
| Conventions, Seminars Etc | \$ | 1,065 |
| Telecommunications | \$ | 3,487 |
| Equipment less than \$5,000 | \$ | 3,921 |
| Data Processing DTS | \$ | 17,678 |
| Data Proc. Equip less than \$5,000 | \$ | 1,656 |
| Capital Expenditures | \$ | - |

Total Operating Expenses \$ **970,427**

Depreciation Expense \$ 340,103

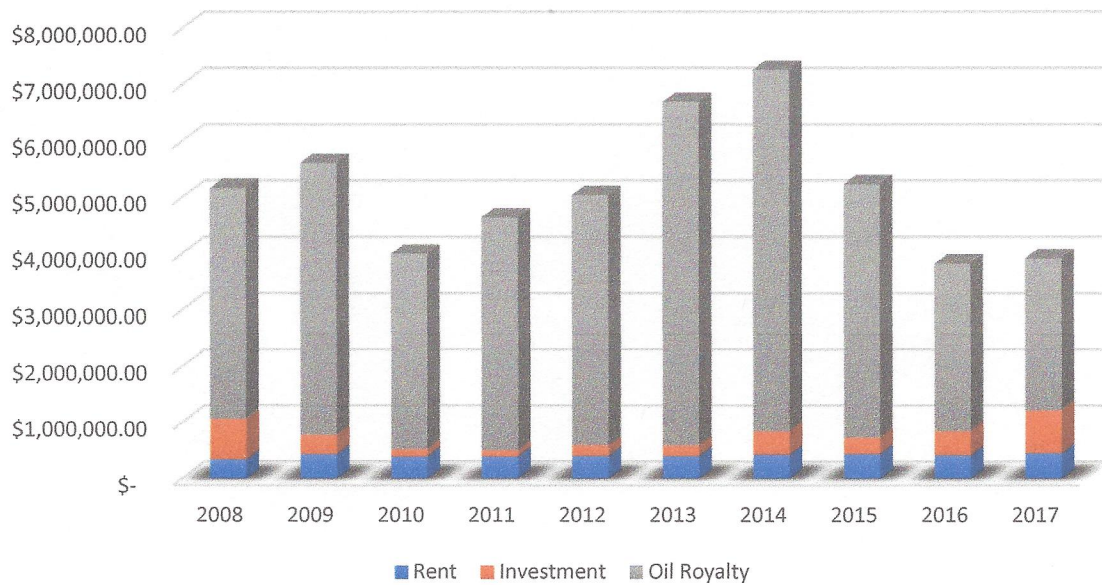
Scholarships \$ 524,692

Chapter Projects \$ 769,290

Navajo Revitalization Fund Projects \$ 890,010

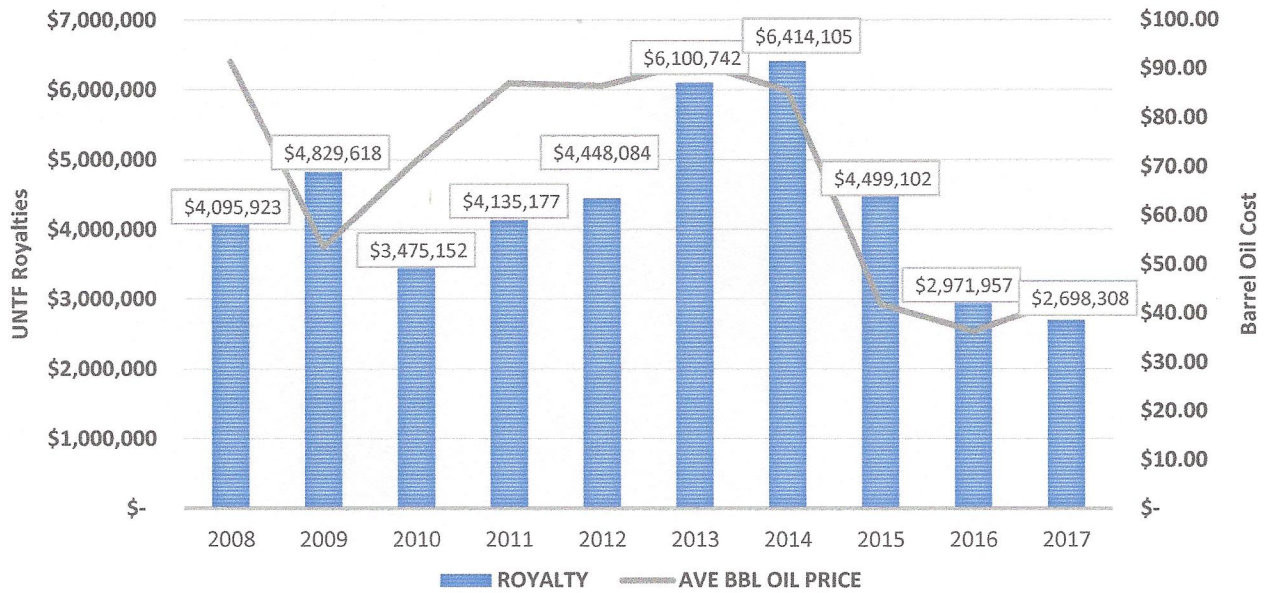
Totals \$ **2,183,992**

REVENUES

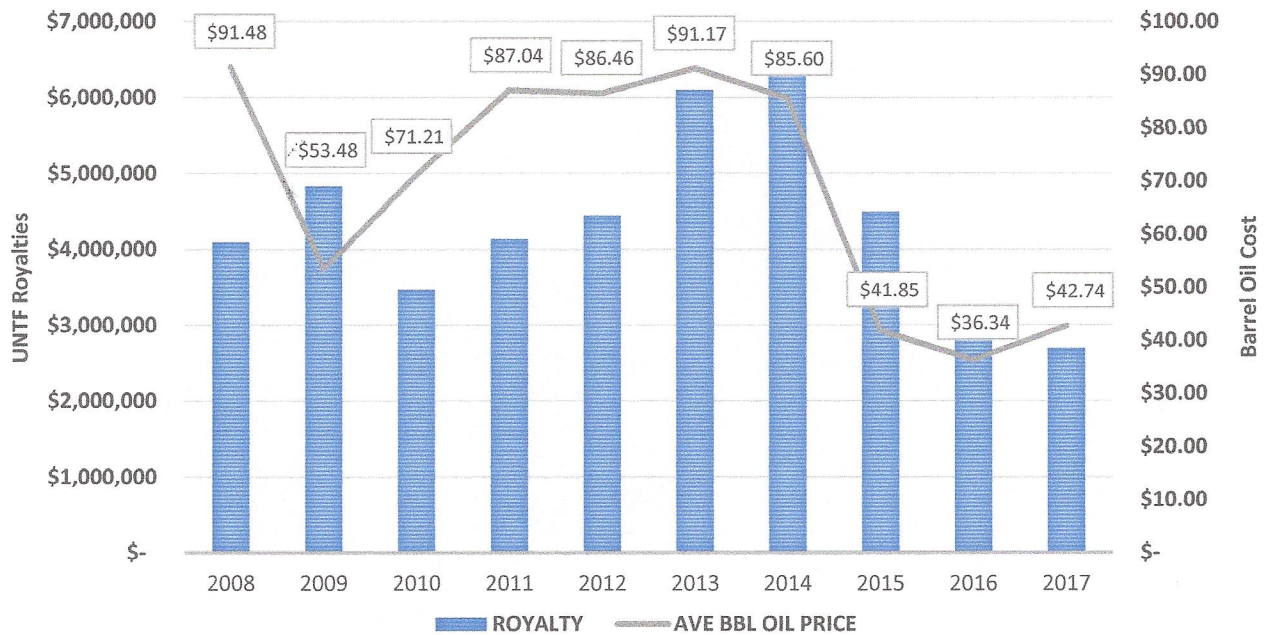


| Year | Rental | Investment | Oil Royalty | Total |
|------|------------|------------|--------------|--------------|
| 2008 | \$ 334,381 | \$ 724,892 | \$ 4,095,923 | \$ 5,155,195 |
| 2009 | \$ 432,021 | \$ 342,069 | \$ 4,829,618 | \$ 5,603,707 |
| 2010 | \$ 391,290 | \$ 120,969 | \$ 3,475,152 | \$ 3,987,410 |
| 2011 | \$ 391,290 | \$ 103,954 | \$ 4,135,177 | \$ 4,630,420 |
| 2012 | \$ 402,557 | \$ 184,042 | \$ 4,448,084 | \$ 5,034,682 |
| 2013 | \$ 400,092 | \$ 184,887 | \$ 6,100,742 | \$ 6,685,721 |
| 2014 | \$ 423,861 | \$ 419,291 | \$ 6,414,105 | \$ 7,257,257 |
| 2015 | \$ 438,826 | \$ 288,317 | \$ 4,499,102 | \$ 5,226,244 |
| 2016 | \$ 412,956 | \$ 429,754 | \$ 2,971,957 | \$ 3,814,666 |
| 2017 | \$ 449,153 | \$ 761,101 | \$ 2,698,308 | \$ 3,908,562 |

ROYALTY VS AVE BBL OIL COST



AVE BBL OIL COST VS ROYALTY



D. UNTF's Investments and Rates of Return as of June 30, 2017

| | |
|--|---------------------|
| Utah Public Treasurers' Investment Fund (Rate 1.1560%) | \$59,286,893 |
| Bond Fund (State Treasurer's Office, Rate 2.80%) | <u>\$ 4,080,351</u> |
| Total Investments | \$63,367,244 |

E. Recommendations of Necessary Statutory Changes to Improve Administration of the Fund

Dine' Advisory Committee (DAC) – Utah Code sections 51-10-206(3)(a)(i) and 51-10-206(3)(b)(i) require that Utah Navajo chapters *other than* the Aneth, Oljato, and Dennehotso chapters submit to the governor names of three nominees to the DAC for each appointment made by the governor. It is recommended that this section be amended:

- To provide that two (not three) nominees be provided for each appointment to the DAC to be made by the governor.
- To allow re-appointment of DAC members in cases wherein the appointee's chapter recommends his or her re-appointment.

Chapters are struggling to obtain three nominees as required. In addition to other qualifying criteria, a nominee must meet exhaustive requirements, which include:

- Being knowledgeable and confident with local Navajo Chapter processes
- Being capable public speakers
- Having good command of the English and Navajo languages
- Having the ability to attend committee meetings, and
- Not serving as a Chapter official

A member of the DAC from the Teecnospos Chapter resigned after attending just one meeting. The Chapter then went through the nomination process twice more but failed to seat a representative on the DAC, as their nominees could not meet all of the statutory requirements for nomination. The fourth time the nomination process was completed (two years later), an eligible nominee was selected by the Governor and confirmed by the Senate.

The Naatsis'Aan (Navajo Mountain) Chapter has thusfar only been able to put forth two eligible nominees (and apparently cannot identify a third), and therefore has yet to seat a single representative onto the DAC.

Navajo Revitalization Fund (NRF) – It is recommended that the NRF's statute be amended to allow the UNTF Dine' Advisory Committee Chairperson to serve as a trustee on the NRF Board once again to replace the 5th member: yearly rotating Utah Navajo Chapters.

The UNTF Dineh Committee Chairperson served on the NRF Board from 1998-2008. The UNTF legislation was allowed to sunset in 2008, which dissolved the Dineh Committee at that time. A temporary agency, the Utah Navajo Royalties Holding Fund (UNRHF), was emplaced from 2008-2015. UNRHF came under the Division of Administration Services during the interim. 2008 legislation provided that Utah Navajo Chapter Presidents should serve on the NRF Board on a yearly rotating basis. 2015 amendments provide that the Chair of the UNTF Dine' Advisory Committee could serve on the NRF Board once again since UNTF and NRF will usually provide matching grants on the same projects.

F. Other

The Utah Navajo Trust Fund also provides assistance for the Navajo Revitalization Fund administration by providing:

1. Screening of project proposal documents for completeness, accuracy, and compliance to rules and policies
2. Project consultation with chapters to develop funding plans
3. Project construction oversight and monitoring
4. Fund accounting of individual project expenses
5. A database which tracks over 700 NRF grants awarded by NRF since 1998
6. Project payments to vendors on behalf of Chapters using UNTF monies, and
7. Project close-out services and obtaining reimbursements from NRF

G. UNTF Grants Awarded to Date

| Grant Number | Amount | Chapter | Project |
|-----------------|---------------|-----------------|---|
| TF 16-06-27-001 | \$ 10,000.00 | Mexican Water | New House |
| TF 16-06-27-002 | \$ 10,000.00 | Mexican Water | New House |
| TF 16-06-27-003 | \$ 59,284.44 | Mexican Water | 11 SS Powerline ROW |
| TF 16-06-27-004 | \$ 20,000.00 | Mexican Water | Consultant-Gravel Pit Development |
| TF 16-06-27-005 | \$ 11,500.00 | Teecnospos | Completion of new house |
| TF 16-06-27-006 | \$ 11,500.00 | Teecnospos | Completion of new house |
| TF 16-06-27-007 | \$ 9,000.00 | Teecnospos | Completion of new house |
| TF 16-06-27-008 | \$ 15,501.00 | Teecnospos | Renovation of existing house |
| TF 16-06-27-009 | \$ 409,500.00 | Mexican Water | Multi Purpose Building #2 |
| TF 16-09-16-010 | \$ 10,444.22 | Aneth | Headstart Building Repairs |
| TF 16-09-16-011 | \$ 6,012.49 | Oljato | Housing Material to complete shell |
| TF 16-10-21-012 | \$ 215,103.70 | Aneth | 16 SS Powerline Extensions |
| TF 16-12-16-013 | \$ 2,152.00 | Oljato | New Batteries for Solar System |
| TF 16-12-16-014 | \$ 27,074.25 | Navajo Mountain | ROW for Powerline |
| TF 16-12-16-015 | \$ 91,000.00 | Mexican Water | Multi Purpose Building #2 |
| TF 16-07-29-016 | \$ 113,084.00 | Red Mesa | BMDC Budget |
| TF 17-03-23-017 | \$ 45,000.00 | Red Mesa | New House |
| TF 17-03-23-018 | \$ 45,000.00 | Red Mesa | New House |
| TF 17-03-23-019 | \$ 5,908.45 | Red Mesa | House Completion |
| TF 17-03-23-020 | \$ 15,923.48 | Red Mesa | House Completion |
| TF 17-05-08-021 | \$ 3,600.00 | All Chapters | Outstanding Senior Awards |
| TF 17-05-08-022 | \$ 1,000.00 | Navajo Mountain | Student Enrichment Robotics Competition |
| TF 17-05-08-023 | \$ 14,335.59 | Red Mesa | Powerline Ext |
| TF 17-05-08-024 | \$ 56,022.31 | Red Mesa | Powerline Ext |
| TF 17-05-08-025 | \$ 50,000.00 | Mexican Water | Multi Purpose Building #2 |
| TF 17-05-10-026 | \$ 947.41 | Dennehotso | Powerline Ext |
| TF 17-05-10-027 | \$ 9,732.20 | Dennehotso | Housing |
| TF 17-05-10-028 | \$ 9,732.20 | Dennehotso | Housing |
| TF 17-05-10-029 | \$ 2,328.07 | Oljato | Powerline Ext |
| TF 17-07-28-030 | \$ 750.00 | Red Mesa | Homesite Lease Fees |
| TF 17-09-22-031 | \$ 15,313.00 | Aneth | Home Addition |
| TF 17-09-22-032 | \$ 23,396.76 | Aneth | New Home |
| TF 17-09-22-033 | \$ 10,000.00 | Aneth | Homesite Lease Survey & Arch Clear |
| TF 17-09-22-034 | \$ 2,150.00 | Blue Mtn Dine' | Windows |
| TF 17-09-22-035 | \$ 5,000.00 | Blue Mtn Dine' | House Renovation and Wood Stove |
| TF 17-09-22-036 | \$ 1,000.00 | Blue Mtn Dine' | Water Pump and Generator |
| TF 17-09-22-037 | \$ 1,000.00 | Blue Mtn Dine' | Housing Renovation Floor Tile |
| TF 17-09-22-038 | \$ 5,000.00 | Blue Mtn Dine' | Wood Deck and Wheelchair Ramp |
| TF 17-09-22-039 | \$ 700.00 | Red Mesa | Homesite Lease Survey & Arch Clear |
| TF 17-09-22-040 | \$ 15,000.00 | Red Mesa | New House Completion |
| TF 17-09-22-041 | \$ 12,000.00 | Red Mesa | New House Completion |
| TF 17-09-22-042 | \$ 25,000.00 | Red Mesa | Home Addition |
| TF 17-09-22-043 | \$ 200,000.00 | Teecnospos | Chapter House Repair & Renovation |
| | | | |

Total \$ 1,596,995.57